

DRAFT MEETING SUMMARY (v.3)

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HANFORD ADVISORY BOARD

JOINT MEETING OF THE BUDGETS AND CONTRACTS AND TANK WASTE COMMITTEES

January 28, 2002

Richland, WA

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This is only a summary of issues and actions in this meeting. It may not represent the fullness of ideas discussed or opinions given, and should not be used as a substitute for actual public involvement or public comment on any particular topic unless specifically identified as such.

Introduction

Budgets and Contracts Committee (BCC) Chair Harold Heacock opened the joint meeting of the BCC and Tank Waste Committee (TWC). The committees adopted two meeting summaries from November 6, 2001 – one for the joint meeting of TWC with BCC and one for the TWC meeting.

Committee Business

Gerry Pollet gave a brief report on four points of interest from the C3T meeting. First, he feels it is critical for the committee to discuss with the Department of Energy Office of River Protection (DOE-ORP) the possibility of the elimination of vitrification of some portion of high-level waste. Achieving elimination of any of Phase Two involves running Phase One plants much longer, so some investment in alternative technology development would be necessary.

Second, Gerry Pollet asked to discuss whether progress is being made on using steam reforming to treat more waste at the vitrification plant. The cost of adding a steam reformer to the vitrification plant would be about \$200 million, though it could double the through-put, especially for low activity waste.

The third item of interest concerns tank closure. There is a significant push for political reasons to say that the agencies are looking at the closure of single shell tanks to

demonstrate progress. Gerry Pollet felt that people talking about the issue did not really understand what kind of budget it takes to close a tank farm. He also suggested the committee look at what closure would require from a regulatory perspective.

A related issue is keeping single shell tanks in place. Gerry had heard DOE-ORP officials talking for the first time about closing the tanks in place instead of removing them. He is concerned that this would reinvigorate public debate about tanks and residual high-level waste being left in the surface soil. There was no discussion during the C3T meeting about public concerns or prior conversations about NEPA.

Fourth, Gerry talked about an emphasis on groundwater monitoring and the characterization and cleanup strategy in place, especially upgrading monitoring. DOE-ORP agrees it needs to create a groundwater strategy that can meet public concerns.

Doug Huston commented that cesium/strontium capsules are currently shielded underwater in pools, and there is a plan to take them apart and vitrify their contents. There was talk at C3T that it might be safer to dispose of them as they are rather than taking them apart, which could potentially spread the waste around. A group will be formed to look at that possibility.

There was also discussion at C3T about recent public meetings in Seattle and Portland. Senior managers with DOE-ORP and the Washington State Department of Ecology (Ecology) have said the meetings were useful. Doug characterized the public concerns as groundwater, tanks, burial ground, and trust issues. Gerry Pollet attended all three public meetings and noted that the turnout had been very high. There was a lot of discussion about the lack of progress with groundwater. Gerry thought that the agency response to groundwater concerns was positive. Members of Heart of America Northwest, Columbia Riverkeeper, Hanford Watch, The Confederated Tribes of the Umatilla Indian Reservation and State of Oregon expressed concerns about not cleaning up the area around the 300 Area to unrestricted use standards. Mike Gearheard, U.S. Environmental Protection Agency (EPA), has committed to reexamining that issue.

DOE-ORP Fiscal Year 2001 Budget

Steve Wiegman and Jeannie Schwier, DOE-ORP, presented the DOE-ORP budget. Steve explained that they wanted to discuss Fiscal Years (FY) 2001 and 2002 in the context of the project and baselines. There is an expanded master summary schedule for the entire project, which can be broken down into waste storage, waste retrieval, building a vitrification plant, developing storage systems, and managing the project. Since the CH2M Hill Hanford Group (CHG) contract goes through the end of FY 2006, it has to be considered in the context of a six-year period. Reviewing Treat Waste, Steve reported that when DOE-ORP switched from BNFL to the Bechtel contract, modifications to the configuration of the pre-treatment facility put them behind schedule by about a month. There is, however, a good trend toward making up that time.

The low activity waste (LAW) pre-treatment facility baseline is changed; the baseline must be modified to show no separate pre-treatment for LAW. The high-level waste

facility is also on schedule. All activities for the balance of the facilities (utilities and site work, for example) are close to being on schedule or ahead of schedule, putting this part of the project in solid shape.

Steve Wiegman then talked about waste storage. CH2M Hill conducts activities to maintain the tank farms, including interim stabilization work and regular upgrades. There are several cases where they have caught up on carryover work from FY 2001 (e.g., core sample laboratory analyses) and several cases where they have not. Interim stabilization is at risk due to installation of exhausters, pump failures, plugged lines, and failed equipment. Pumping of 241-A-101 is behind schedule.

Steve Wiegman emphasized that if everyone only looks at FY 2001 and 2002, they will not be able to see interconnections over the flow of time. Portable exhauster skids have not even caught up with the end of last year yet, so that area is at risk in terms of schedule. Interim stabilization is not ahead of schedule anymore, leaving that schedule at risk also. There have been a lot of field problems, including pump failures, line pluggings and other equipment failures. Tank A-101 is way behind schedule; SX-105 is way ahead of schedule; and U-107 is behind schedule. They are still on a timeline for completing that interim stabilization work in 2004, but they must try to get ahead of schedule again since there are still many tough tanks to do. Keith Smith asked if there was a decision not to conduct regular preventive maintenance. Steve responded that the general context of on-site equipment has always been an issue when it comes to maintenance. They never quite know the condition of the equipment, which is frustrating to everyone.

Project 314, which was set up to develop new pipelines and upgrade pits, is behind schedule. Maynard Plahuta noted that DOE-ORP is managing Project 314 like a line item, except it does not have the funding that usually comes with such a project. He asked if they see it as one project or four subprojects. Steve responded that they manage it as a series of subprojects, but Jeannie Schweir's office will roll it into one project.

Steve Wiegman noted that some areas within Retrieve Waste are also at risk. Schedule problems with Project W-314 (especially pump and pit upgrades) are behind schedule. CHG prepared a detailed recovery plan that was submitted to ORP for review and approval.

Steve Wiegman then pointed to some of the successful efforts. The cold test facility is on track and is expected to be functioning this year. Storage and disposal systems (the ILAW Trench and Canister Storage Building modifications) were not aligned between the Tri-Party Agreement (TPA) and the contracts. As a result of the C3T process, the was addressed. When the CHG contract was written to design and permit the two facilities, the dates for the permits were changed to match the vitrification plant, but the TPA was not changed. The dates in the WTP Recovery Plan will reflect the WTP schedule. Another success story is interim stabilization of 244-AR which is on schedule to meet the TPA milestone.

Leon Swenson explained that the committees are trying to look at how Fiscal Years 2001 and 2002 are related to gain insight into how things would go beyond 2002 in terms of contractor performance. Steve Wiegman told him that 2003 and 2004 are very sensitive topics. CH2M Hill Hanford Group (CHG) has a contract in which it has to accomplish more work for less money. If the project is behind schedule, DOE-ORP is at an even greater risk, so it is always ideal to be right on schedule. The agency officially requests the baseline amount, but will probably be funded at the contract amount.

Jeannie Schweir discussed CHG's performance for FY01. They had \$19.7 million available in the form of regular and stretch fees. Of that, \$1.4 million was deducted for missed milestones. DOE-ORP temporarily withheld some fee specifically tied to the W-314 Project. A review resulted in their recovery plan for the project, which requires review and approval by ORP. The recovery plan states that CHG has to prove to DOE that it can finish all incomplete work in FY 2001 in combination with 2002, resulting in earning an additional \$13 million fee. DOE is working with CHG to ensure it is sufficiently staffed for recovery. CHG added a team in November to augment current staff for further work on W-314.

Leon Swenson asked about the recovery plan – whether DOE is finding things it had not necessarily anticipated and if there is a reasonable level of contingency built in to cover such things. Jeannie Schweir replied that originally there was an adequate amount of contingency built into the project plan, but at this point CHG cost overruns have used up the contingency. A little over \$1 million is all that remains, which is very challenging.

Gerry Pollet asked if the configuration management highlighted from the last two years was also taken into account when determining the fee, given the fact that it directly related to CHG's ability to keep to its schedule. Jeannie Schweir replied that it was taken into account as part of their comprehensive fee, and determined to be one of the contributors to their loss of \$841,000. DOE-ORP spent over ten weeks working to determine what the fee should be. Its conclusion was that there are concerns about current project management and project controls and abilities. DOE-Headquarters will lead an independent assessment February 4-17 to do a major project control review and provide an analysis. Since Christmas, CHG has made major progress in tightening up project controls. They have added personnel to look at the schedule and have a strong commitment from the company to correct any weaknesses that may remain in that system. Gerry asked when the committee should plan on following up on DOE-Headquarters' independent assessment. Jeannie suggested late April or early May.

CHG missed some milestones, accounting for \$1.4 million in lost fees. . They lost \$841,000 on comprehensive fee criterion 15, \$466,000 on interim stabilization and \$122,000 on the waste treatment plant interim design transition. CHG received a marginal rating on the baseline and quality assurance, a satisfactory rating on technical foundation, and a good rating on conduct of operations.

Committee Discussion

- Pam Brown wondered if DOE has taken additional stresses on CHG into account. Jeannie Schweir explained that when the contracts were signed, both companies accepted them with full knowledge of what the stresses could be and CHG should have worked to mitigate that. Pam was offended by the small magnitude of the fee, because she felt CHG had been improving its safety record. Jeannie clarified that historically if there was a fatality, contractors would lose the entire amount of the fee. In this case, almost \$20 million was available to them in stretch and standard fees, so the comprehensive fee represented only 10% of what they could have earned given the possibility of a fatality.
- Keith Smith asked if DOE has a clear understanding of what caused the problem on Project W-314. Jeannie Schweir told him that the majority of her review had actually focused on W-314, and the conclusion was that part of the issue was having a good understanding of CHG's schedule and priorities.
- Gerry Pollet asked about the rating for comprehensive safety, employee concerns, and environmental compliance. Jeannie Schweir noted that those items were integrated into almost every aspect of the Integrated Safety Management System (ISMS) approach. The conditional payment of fee was completely independent of factors that would be across the board in a comprehensive performance incentive, and DOE was careful not to penalize CHG twice. Gerry requested copies of the comprehensive evaluation, and Jeannie said that she would check on its availability..
- Keith Smith expressed concern that CHG might be penalized for slowing down for safety. Jeannie Schweir assured him that the conditional payment of fee was not dependent on safety slowdowns. The fee was withheld due to the very slow response on CHG's part to ORP letters regarding worker safety issues. Keith also mentioned that there is not, in his view, enough communication between the people who are hands-on and the people making decisions related to what equipment needed to be fixed. Steve Wiegman's sense is that communication will be integrated into the ISMS upgrade process. Jeannie said she was encouraged because they were using more direct employee feedback than in the past. Jeff Luke suggested that that Keith's concerns about issue resolution between senior management and people in the field might be a good topic for the Health, Safety and Environmental Protection Committee.

Regulator Perspectives

- Melinda Brown, Ecology, was concerned that W- 314 as the TPA milestone M-43-00. is behind schedule and considerably over budget. Ecology wants the vitrification plant to be built and wants in place the infrastructure required to build it. After briefly discussing the causes for the delays and stoppages in Interim Stabilization, Melinda emphasized that a convergence of different events had over the last year – including an earthquake, lock and tag violations, a voluntary safety shutdown, pump failures, and line pluggings, had contributed to the schedule slips. In her opinion, both DOE-ORP and the contractors are trying to correct the situation and move forward, but Ecology is still very concerned about completion of W-314 per the TPA and Interim Stabilization per the Consent Decree.

DOE-ORP Fiscal Year 2002 Budget

Jeannie Schwiier explained that FY 2002 had been a banner year for DOE-ORP: it received as much money as it needed. It started out with the presidential request for \$814 million and received another \$221 million from Congress, for a total of \$1.035 billion. It then had only one reduction from Congress of \$8.2 million and had a \$35 million supplement in 2001 that was used to fund work in FY02, bringing their total budget to \$1.062 billion this year.

Jeannie Schweir explained that she was limited in the information she could present at the meeting because she still does not know what the budget will be for 2003. DOE expects the announcement next week and anticipates \$814 million. Although Jennifer Sands, DOE-ORP, had prepared scenarios at the committee's request, Jeannie felt it was best not to discuss them because 1) DOE-ORP still needs to discuss the budget with DOE-Headquarters, 2) the President's budget is due February 4, 2002, and it will change everything, and 3) the top-to-bottom review ordered by the Secretary will be released then, which could have a tremendous impact on how DOE uses its dollars.

Gerry Pollet indicated that he would still like to know what DOE-ORP is doing in terms of the baseline scenario, so that the committee can discuss alternative scenarios in time to provide comments on the 2004 and outyear budgets.

Regulator Perspectives

- Melinda Brown noted that DOE is obliged to explain the FY 2003 budget (under TPA Sections 148 and 149) 30 days after the release of the President's budget, which is scheduled to be released on February 4th. For FY 2004, The catch is that a letter is usually sent out the first week in March requesting input on the 2004 budget, based on guidance from DOE-Headquarters. Ecology staff have been told that DOE-Headquarters has not even given the field offices the advice they need (which should have come in November), let alone the letter asking for input. Ecology intends to enforce the TPA Section 149.D, holding ORP responsible for the briefing on FY 2003.

Gerry Pollet pointed out that the 30-day comment window is just one element of the TPA. There are also public meetings with 45-days advance notice to gather public input on FY 2004 and outyears. He added that there has been a public outcry to take legal action over the TPA provisions about sharing budget information, due to DOE's failures to do so in the past.

Pam Brown remarked that she and others had been told by DOE-Headquarters that the Presidential budget would be written differently this year, and they should read it carefully and thoroughly. She had also heard that contractors who perform would be rewarded.

Jeannie Schweir explained that the seven priorities for DOE-ORP are: 1) operate and maintain tank farms, 2) maintain interim stabilization schedule, 3) double shell tank integrity program, 4) double shell tank farm compliance upgrades, 5) waste treatment

plant schedule driving waste feed delivery and storage and disposal facilities (in other words, build the vitrification plant and infrastructure and feed it), 6) vadose zone investigation, and, 7) single shell tank retrieval demonstrations.

Committee Discussion

- Harold Heacock explained that people are concerned about what the relative reduction in Bechtel versus CH2M Hill work would be if there is a funding shortfall. Jeannie Schwier replied that based on preliminary studies, in all cases DOE had held WTP construction solid in its recommendations. Also, if there are any other reductions, DOE plans to come up with a strategy to mitigate the impact to CHG. Jeannie remarked that the different timeline for sharing information had also created issues for DOE-ORP. The TPA states that agreements have to be predicated on the plan currently reflected in the baseline. DOE cannot change the baseline modifying the agreements to reflect the buy-in of the agencies. The key is for DOE to start discussing possible changes in the baseline with other agencies.
- Steve Wiegman remarked that because DOE has two separate contracts (to build the vitrification plant and to feed it), it wants to keep them linked through time. If the vitrification plant accelerates, DOE also wants to accelerate the feed system. He noted that the top-to-bottom review would have an impact on how DOE tunes its priorities. Its philosophy has always been to maintain tank farm safety and then build a system to remove and treat the waste, which is where the huge capital funding requirement is. The dynamics of the priority list would be tough if there were large budget cuts.
- Harold Heacock asked Steve Wiegman what the rough numbers would be for the priorities they had just discussed, plus the items listed above the vitrification plant in the priority list. Steve replied that the cost would be about \$200 million. He would not expect the vitrification plant to stay on schedule if the cut was very deep because ORP cannot abandon the safe storage of waste of the tanks to concentrate on WTP construction.
- Gerry Pollet requested a discussion of FY 2003, including what people felt needed to be considered for building alternate scenarios (how much money would be freed up if they got rid of the privatization portion of the baseline; how much money gets added in to upgrade the baseline to include capacity to do more vitrification with capital investments; and looking at the baseline in terms of concerns about compliance and needs for additional upgrades in tank farms).
- Leon Swenson emphasized that the key question was how to proceed to intervene effectively in the process and ensure the agencies are aware of the concerns and values of the committees. Jeannie Schweir added that she welcomed any input on areas of consideration for prioritization when DOE does have its budget numbers.
- Maynard Plahuta requested that the agencies work together to get a new baseline in place as quickly as possible after the budget is released, rather than play around with a baseline that is not real. He also wants to look at a minimum funding level within each of the seven priorities while keeping as close to the baseline progress as possible. Jeannie Schweir told the committee that this meeting was a sound platform from which DOE could spring to push forward discussions with EPA and Ecology.

- Pam Brown indicated that if Hanford does not get the requested \$1.1 billion, it will not have enough money for its cleanup contracts. Bechtel National (BNI) and CHG will request contract revisions, and the cost savings in those contracts will be in jeopardy. She requested that the committee look at the contract implications of Congress providing less than adequate funding. DOE-ORP and DOE-Richland Operations Office (DOE-RL) could provide cursory comments at the HAB meeting right after the presidential budget is released. She added that TWC should prioritize a discussion at their next meeting on Harry Boston's desire to push plants to process more waste than originally envisioned.
- Steve Wiegman reported that there was talk at the C3T meeting about establishing teams to deal with each of these topics. He suggested that HAB consider in February how it wants to interact with each C3T team (i.e., participating or just providing information).
- Jeff Luke added that when looking at funding, it might be helpful to look at the three primary categories for tank waste treatment: maintaining tank farms, building a waste treatment plant, and retrieval. He wondered what would happen to the plant feeding system if the funding changed for the plant. Steve Wiegman clarified that if they could not increase funding for both, they would have to find a different way to feed the plant (with a truck, for example) or accept that the plant would not be fed on schedule.
- Wade Riggsbee indicated that his biggest issue was that all of this discussion may be for naught once they received new instructions from the Secretary of Energy. He remembered going through this exercise last year, and said that the committees are always behind schedule trying to catch up on budget.

Leon Swenson threw out the possibility that the committees may want to reassess BCC's budget development review process plan, given the fact that a lot of the information they had wanted was now on a different schedule. The committee agreed to meet on February 6th at 7:30 p.m. to take an initial look at the President's budget, since members feel it is important for the Board to go on record if the budget is inadequate.

Suzanne Dahl, Ecology, announced that Melinda Brown, Ecology, would be exiting as Tank Waste Storage Manager, and Jeff Lyon, Ecology, would be taking over the position. He will start attending TWC meetings. Melinda will be the new Ecology External Budget Analyst and liaison to BCC.

Dangerous Waste Permit Process for Tank Waste Treatment Plant

Suzanne Dahl explained the unique permitting process and related schedules for the Waste Treatment and Immobilization plant. She explained that the Waste Treatment Plant permits include a State dangerous waste treatment, storage and disposal permit, a Clean Air Act prevention of significant deterioration permit, and a Clean Air Act Toxic Air Pollutant approval of a notice of construction. The permits describe a high-level facility, low-level facility and pre-treatment facility. Typically, Ecology receives an dangerous waste permit application with a complete design, writes a permit, and goes through the public involvement process for input on the permit, then issues the permit, at

which point construction can begin. For the waste treatment plant, the dangerous waste regulations allow an alternate path that supports a design-construct approach. Bechtel National, Inc. (BNI) is taking action to move the schedule along in a phased approach and will divide the facility up into construction zones. In this way, several things will be occurring in parallel. Ecology's philosophy is that portions of the facilities controlled by regulatory actions will be approved by the agency prior to construction. The whole facility is permitted for construction (not operation), so BNI will then have to go through a modification process to incorporate approved designs into the permit prior to construction.

Suzanne Dahl reviewed the current schedule. The draft permit will go to the public for comment in late February or early March of 2002. Following resolution of public comments, the final permit will be issued in late 2002. Included with the permit will be a risk assessment, which is required for a thermal treatment unit that will address impacts on receptors. The risk assessment will also be provided for public comment. The final permit will include a very large compliance schedule that outlines in detail the rest of the design needs to be submitted, and what specifically Ecology will review. The permit will ensure that no construction occurs on any phase until that information has been reviewed by Ecology and incorporated into the permit. Each time Ecology receives a package, they will use an agency-initiated permit modification process, which requires a 45-day public comment period. After the public comment period, Ecology will resolve comments and then re-issue the permit with the modifications attached.

Committee Discussion

- Jeff Luke pointed out that the schedule showed the air permit public involvement process being completed on June 14, 2002, and agencies approving permits in July. He does not feel this timeline is realistic. Suzanne Dahl replied that this schedule is a work in progress, and there are a couple of things that Ecology will have to examine, since it cannot shrink the schedule on such items as preparing a draft permit or comment resolution. Leon Swenson asked that committee members flag items that Suzanne should examine.
- Al Conklin, Washington State Department of Health (WDOH), noted that the Washington Administrative Code (WAC) and EPA's regulations were not written with this complexity of a permit facility or schedule in mind. WDOH's flexibility is a bit more limited. Certain aspects of the plant design must be completed before WDOH can authorize construction. Al was afraid that the July start of construction date was not achievable, based on WDOH's permitting process.
- Keith Smith expressed a concern regarding employee health monitoring and how that connects with the current system among other site contractors. In the final analysis, Bechtel seemed to be doing what was needed for ISMS employee monitoring. This is difficult for construction workers because they come and go, and monitoring records don't always follow them. The Health, Safety, and Environmental Protection Committee is concerned that the Bechtel system sets an undesirable precedent for possible future contracts.

- Keith Smith then discussed infrastructure related to transportation. He was concerned that BNI had not looked at any of the prior work on infrastructure support. There are also concerns regarding BNI's decision not to use the railroad concerned. Lots of trucks would have to go out to the site to support construction. It could take fifty thousand truckloads a year to support operation of the vitrification plant with a steady, 24-hour stream of truck traffic.

Committee Business

Peter Bengtson, Pacific Northwest National Laboratory, announced that there was a public involvement activity on the evening of February 7th to discuss the dangerous waste permit. In addition, DOE-Headquarters would release its notice of intent at the end of March on the supplemental environmental impact statement (EIS). The agencies were also trying to nail down a time for public comment on the recovery plan that was issued to Ecology last summer. They are sending out an announcement this week for public comment in 35 to 40 days, which aligns the baseline to the TPA.

Ruth Siguenza, EnviroIssues, announced that there will be a BCC meeting Wednesday, February 6th at 7:30 p.m. at the West Coast Tri-Cities Hotel in Kennewick. The single focus of the meeting will be looking at the administration's budget request for FY 2003.

Handouts

- Joint Committee Meeting: Budgets and Contracts, Tank Waste, and River and Plateau Committees, Draft Meeting Agenda; January 28, 2002.
- Dangerous Waste Permit for the Waste Treatment Plant, Suzanne Dahl, Department of Ecology; January 28, 2002.
- RPP-WTP Environmental Permitting Schedule, Department of Ecology; January 28, 2002.
- Priorities, DOE-ORP; January 28, 2002.
- Tank Waste Committee Draft Meeting Summary; November 6, 2001.
- Tank Waste Committee Work Planning Table; November 19, 2001.
- Budgets and Contracts Committee Work Planning Table; November 19, 2001.
- Joint Committee Meeting: Tank Waste and Budgets and Contracts, Draft Meeting Summary; November 6, 2001.
- HAB Budget Process Timeline for Fiscal Year 2002; October 9th Revision.

Attendees

HAB Members and Alternates

Pam Brown	Shelley Cimon	Jim Cochran
Al Conklin	Jim Curdy	Harold Heacock
Doug Huston	Dave Johnson	Jeff Luke
Maynard Plahuta	Gerry Pollet	Wade Riggsbee
Dan Simpson	Keith Smith	Leon Swenson
Charles Weems		

Others

Steve Wiegman, DOE-ORP	Melinda Brown, Ecology	Bryan Kidder, CHG
	Suzanne Dahl, Ecology	Richard Reislyn, CHG
	Dib Goswani, Ecology	Natalie Renner, EnviroIssues
	Jeff Lyon, Ecology	Ruth Siguenza, EnviroIssues
		Peter Bengtson, PNNL